24/42

TOP SECRET

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GENERAL

- 1. British views on Indochina -- US Consul General Saigon has been informed by his British colleague that the common opinion of top British Far Eastern officials at the recent Singapore conference was that recognition of the Communist regime in China would have a serious impact on Indochina, where the present situation is deemed critical. Because UK officials were convinced that failure of the Bao Dai regime would inevitably result in Communist control of Indochina and the subsequent loss of both Siam and Burma, they have urgently recommended to the UK that the possibilities of British aid to Bao Dai be examined.
- 2. Nationalist reply to US statement on Taiwan--In response to a recent statement outlining the US attitude toward Taiwan, Generalissimo Chiang Kai-shek has informed US Consul General Taipei of his agreement with the US view that improvement of the well-being of the Taiwanese people will strengthen the security of that strategic island. Chiang explains that steps for such improvement are already being taken and points out that economic difficulties are secondary to the serious menace of a Communist invasion. In stressing the urgent need for strengthening Nationalist armed forces on the island, Chiang presented the Consul General with a detailed request for US aid, including "military assistance of a technical nature," which he hoped would prove to be within the scope of present US policy. Chiang concluded that if the US Government decides to meet these requests, the "fullest cooperation" of the Nationalist administration on Taiwan would be forthcoming.

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NEAR EAST-AFRICA

3. IRAN: Views on Shah's trip to US--US Ambassador Wiley in Tehran expresses the opinion that the recent assassination of Minister of Court Hajir is "most serious from a domestic point of view" and that the situation in Iran is "extremely troubled." Wiley reports that the Shah is determined to visit the US, and, despite the disagreement of the UK Ambassador in Tehran, Wiley believes that the Shah should make the trip as planned.

(CIA Comment: CIA believes that, with martial law established in Tehran, the Iranian Army is capable of maintaining order during the Shah's absence.)